

ORIGINAL



0000169385

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2016 MAR 31 P 3:53

AZ CORP COMMISSION  
DOCKET CONTROL

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

DOUG LITTLE, CHAIRMAN  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN

Arizona Corporation Commission  
**DOCKETED**

MAR 31 2016

DOCKETED BY

*K9*

IN THE MATTER OF THE APPLICATION  
OF JOSHUA VALLEY UTILITY  
COMPANY, INC. FOR AN INCREASE  
IN RATES

DOCKET NO. W-02023A-15-0315  
**REPLY TO STAFF'S RESPONSE**

Joshua Valley Utility Company, Inc. ("Joshua Valley" or "Company") hereby files its comments to Staff's Response dated March 4, 2016. Joshua Valley and the Company agree on most material issues.

**1.0 PLANT INVOICES**

Here, Staff demanded review of all invoices for plant installed since 2002 and the Company complied with the demand except for six old invoices it could not locate. Although the Company's business records show the plant expenses for years, Staff

1 reduced the Company's \$2,372,749 original cost rate base by \$37,653, asserting Arizona  
2 Administrative Code R14-2-411D require such action. This position raises two critical  
3 issues:  
4

5 (1) Does A.A.C. R14-2-411D require Staff to perform a 100% audit of all water  
6 companies' invoices? The Company's answer is no.

7 (2) If the water company does not have a plant invoice, can company records kept  
8 in the course of regular business establish the cost of plant in rate base? The  
9 Company's answer is yes.

10 The Company's position is straightforward. A.A.C. R14-2-411D does not require Staff  
11 to perform a 100% audit of water company records and receipts. But if Staff chooses to  
12 perform a 100% audit, then it should not hold the utility to a standard of perfection and  
13 reduce rate base every time a single invoice cannot be found. Unless an error is  
14 discovered, the business accounting records constitute evidence the plant was acquired  
15 and its value should be adopted.  
16  
17

18 **1.1 Does A.A.C. R14-2-411D require Staff to perform a 100% audit of all water**  
19 **companies' invoices?**

20 A.A.C. R14-2-411D requires a utility to "keep general and auxiliary accounting  
21 records reflecting the cost of properties, operating income and expense, assets and  
22 liabilities, all other accounting and statistical data necessary to give complete and  
23 authentic information."  
24

25 In this case, Staff asserts this rule requires the Company to produce every invoice  
26 for Staff's audit. Staff states the Company failed to produce supporting invoices sought  
27 in data request BCA 2-1. Data Request BCA 2-1 states, "[t]he Company did not provide  
28

1 copies of ALL plant addition invoices” and identified seven invoices, including an  
2 invoice for \$57.00, it wanted the Company to produce. *See* Staff’s Response at p. 1-2;  
3  
4 *see* also Attachment 1 (emphasis of “ALL” in original). Although this plant has been  
5 recorded in the Company’s accounting records for years, the Company cannot locate an  
6 invoice from 2002 and five invoices from 2007. Citing A.A.C. R14-2-411D, Staff  
7 asserts, “without being provided with invoices, Staff’s responsive action is to protect the  
8 interest of ratepayers by not including the unsupported plant item in rate base.” Response  
9 at p. 2. As demonstrated by its data requests and its Response, Staff’s position is that a  
10 water company must meet a 100% audit standard and produce every single invoice or  
11 have its rate base reduced.  
12

13  
14 If Staff’s interpretation of this rule is correct, then Staff not only should, but must  
15 conduct a 100% audit of every water company seeking a rate case. Carrying Staff’s  
16 argument to its logical conclusion means Staff must perform a 100% audit on every water  
17 company, including Class A water companies, seeking a rate increase. Otherwise, Staff  
18 and the Commission are breaking their own rules and failing to protect the public interest.  
19

20  
21 The argument that A.A.C. R14-2-411D and protecting the public interest requires  
22 water companies to produce every invoice is demonstratively false as shown by Staff’s  
23 own practices and Commission decisions. First, Staff does not require the large water  
24 companies to produce every plant receipt. Staff does not conduct a 100% audit of large  
25 water companies’ accounting records either. Consistent with sound audit practices, Staff  
26 reviews invoices of extraordinary expenses and takes samples of normal expenses for  
27 review. Even if Staff wanted to conduct such an audit, they lack the manpower resources  
28

1 and it would not be cost effective. So Staff's argument that the rules and the public  
2 interest demand a 100% audit is disproved by their own practices.

3  
4 Second, recent Commission decisions illustrate water companies do not need to  
5 have invoices for plant to be included in rate base. For example, in the latest Johnson  
6 Utilities Company ("Johnson") rate case, the company sought approximately  
7 \$115,000,000 in rate base for its wastewater division, but could produce invoices  
8 amounting to only \$8,100,000. Johnson argued that contracts, bank statements, and  
9 extension agreements established about \$100,000,000 of plant investment. *See Decision*  
10 *No. 71854*, at p. 6, n. 40 (*citing Johnson's Closing Brief at p. 6, Docket No. WS-02987A-*  
11 *08-0180 (Nov. 20, 2009)*). Staff did not have the time or resources to identify and  
12 remove each specific plant item it deemed unsupported, so Staff proposed a 10%  
13 disallowance amounting to a \$10,892,391 reduction in rate base. *See Decision No. 71854*  
14 *at p. 5*. The Commission ultimately rejected Staff's position and determined it was in the  
15 public interest to include the inadequately supported plant cost in rate base and added the  
16 \$10,892,391 back into Johnson's rate base. So even though the company produced only  
17 \$8,100,000 in invoices, the Commission recognized the wastewater division's rate base  
18 was over \$100,000,000.

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22  
23 Clearly, Staff cannot take the position that the Commission violated A.A.C. R14-  
24 2-411D when it recognize nearly \$90,000,000 in plant without supporting invoices.  
25 Similarly, Staff cannot take the position that the Commission did not protect the public  
26 when it decided the Johnson matter even though the company admitted it did not have  
27 90% of the invoices to support its rate base. The point is that neither A.A.C. R14-2-411D  
28

1 nor the public interest demand that Staff conduct a 100% audit and verify that a water  
2 company has an invoice for every piece of equipment in rate base.

3  
4 This case highlights the disparate treatment between large and small water  
5 companies. Small water companies like Joshua are subjected to 100% audits and having  
6 their rate base investments disallowed if they cannot produce an invoice. Meanwhile,  
7 large companies undergo sample auditing and their rate base investments are recognized  
8 without invoices being produced. Joshua Valley understands Staff likely will continue to  
9 perform 100% audits on small water companies. This is not necessarily the problem.  
10  
11 The problem is that Staff combines a 100% audit practice and a policy of making rate  
12 base deductions every time the small water company is missing an invoice. A rate base  
13 deduction is a high price to pay for not achieving a perfect record of invoice retention.  
14  
15 This approach is not required by law; it is a choice made by Staff.  
16

17 **1.2 Can Company records kept in the course of regular business establish the**  
18 **cost of plant in rate base?**

19 Knowing the law does not require every invoice to be produced, the question is  
20 whether there is evidence to establish the Company invested the \$37,653 in plant. Under  
21 Arizona law, a "book of account" is admissible as a business record to establish actual  
22 sale and delivery of goods, and their reasonable value. *School Dist. No. 1 v. Whiting*, 56  
23 Ariz. 334, 107 P.2d 1075 (1940). Business records are admissible if "made at or near the  
24 time by – or from information transmitted by – someone with knowledge" and the record  
25 is "kept in the course of a regularly conducted activity of a business . . . [as] a regular  
26 practice of that activity." Ariz. R. Evid. 803(6). Upon a showing of the record's  
27  
28

1 admissibility, “the burden is on the opponent to show that the source of information or  
2 the method or circumstances of preparation indicate a lack of trustworthiness” because  
3 “the basic admissibility requirements are sufficient to establish a presumption that the  
4 record is reliable.” Comment to 2015 amendment (citing Ariz. R. Evid. 803(6)(E)).

5  
6 Here, the Company’s Application is based upon and includes business records that  
7 constitute prima facie evidence of the plant. As required by Staff and the Application,  
8 the Company reviews its accounting records and provides summaries of the plant  
9 additions as well as many invoices. The Companies’ general ledger and annual reports,  
10 drafted by the Company’s owners and accountants, have been submitted to Staff and the  
11 Commission. Records of plant additions are kept in the ordinary course of business, are  
12 summarized and disclosed to the Commission every year in annual reports. For example,  
13 Joshua Valley’s accounting records does show the original cost of plant in service as  
14 \$2,372,749. For example, this plant value is recorded in the Company’s 2014 annual  
15 report. *See id.* at p. 4 (Attachment 2). Joshua’s application was compiled using the  
16 Company’s accounting records, which includes this same value. The plant at issue has  
17 been recorded, summarized and reported for years and again during the rate case along  
18 with numerous source documents, such as invoices. Clearly, under Arizona law, this  
19 establishes the record and cost of the existing plant.  
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25 Finally, it is important to note that Staff never questions that plant was purchased  
26 and installed. Staff does not argue the accounting records are wrong or not trusted.  
27 Instead, their sole reason for the deductions was that the Company could not produce  
28 these invoices from 2002 and 2007. In light of the fact that there is no dispute on the

1 record of the investment being made, there should be no deduction.

### 2 **1.3 Action Requested Regarding Plant in Rate Base**

3  
4 In sum, though it would be eminently fair, Joshua is not requesting that Staff apply  
5 the same policies and procedures to small and large water companies alike. Staff can  
6 continue to perform 100% audits on small companies while large companies undergo  
7 sampling audits. All Joshua Valley seeks is a slight degree of tolerance and  
8 understanding so that small water companies are not punished because they cannot locate  
9 all of their plant invoices. The Company has \$2,372,749 (undepreciated) in plant. *See*  
10 Application at electronic p. 15 (Sept. 1, 2015). It is missing six invoices amounting to  
11 \$37,653. Knowing Johnson received full credit for its rate base while missing 90% of its  
12 invoices, the Company should not be punished by a rate base deduction simply because it  
13 could not locate six invoices over eight years old to account for 1.6% of its rate base.  
14 Accordingly, Joshua Valley requests that this Court find Joshua's plant in service is  
15 \$2,372,749 without any further adjustment. Consequently, its accumulated depreciation  
16 should not be adjusted either and the Court should adopt Joshua Valley's position.  
17

### 18 **2.0 CIAC**

19 Staff corrected the historical CIAC amortization rate. Therefore, Joshua and Staff  
20 now agree on the CIAC amortization balance.  
21

### 22 **3.0 OUTSIDE EXPENSE FOR GENERAL MANAGEMENT**

#### 23 **3.1 Labor and Management Costs Are a Bargain.**

24 During the test year, Joshua Valley had 947 customers. This Company is  
25 administered by an owner working part-time, two part-time employees, and two full-time  
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27  
28

1 employees. Joshua Valley pays \$123,971 for the services of all five people, which is  
2 extremely cost-effective for such a large Company.

3  
4 Most of the salaries are paid to the two full-time field staff. The field manager is  
5 the certified operator who is responsible for system operations. He inspects and  
6 maintains all utility plant, performs all customer turn ons and turn offs, takes water  
7 quality samples, locates mains, makes repair, marks Blue Stakes, supervises and  
8 coordinates with outside contractors, purchases supplies needed for the utility plant, and  
9 all other duties necessary to operate a water system. He also has an assistant maintenance  
10 provider who helps perform all of these tasks. The field manager's salary is \$41,600 and  
11 the maintenance employee makes \$31,200, for a combined \$72,800 per year for all field  
12 staff. The office worker Nissani earns \$18,571 per year. She performs routine  
13 administrative tasks, including clerical jobs, such as reviewing incoming mail, filing, and  
14 similar duties. She conducts all billing tasks and handles all customer service  
15 responsibilities. Thus, the Company pays \$91,371 for these workers, which is extremely  
16 cost effective.

17  
18 The Company has two part-time general managers who are paid \$12,600 and  
19 \$20,000, respectively. This means the Company pays \$32,600 total for its general  
20 management, which is obviously well below a market rate. Levandowski is the onsite  
21 general manager. He supervises the employees in Meadview and oversees all aspects of  
22 the water system operations. Levandowski is responsible for identifying any issues with  
23 the water system, ensures meters are read, the customer bills are mailed each month, and  
24 similar duties.



1 In contrast, Norton<sup>1</sup> is the corporate, financial, and regulatory manager. His  
2 primary responsibilities also include personnel decisions, bidding decisions, regulatory  
3 compliance, banking and financing, contracting, land use and rights-of-way, line  
4 extension agreements, regulatory compliance, oversight of professional accountants and  
5 attorneys, tax matters, correspondence with customers and the business community, and  
6 corporate matters. He directly oversees and is responsible for all aspects of the financial  
7 and managerial aspects of the utility. For example, Norton – not Levandowski – controls  
8 the checkbook, ensures bills are paid, financial transactions are recorded, accounting  
9 records are maintained, and makes decisions concerning plant improvements. He takes  
10 care of all regulatory and corporate filings and oversees the actions of all consultants and  
11 contractors. Levandowski reports directly to Norton about all substantive matters and so  
12 Norton can make the substantive decisions necessary to run the Company. A \$20,000  
13 payment to Norton for this workload and responsibility is clearly reasonable.

14 In sum, regarding operational and employment matters, Levandowski reports  
15 issues, Norton makes the decisions, and Levandowski carries out the decisions. Norton is  
16 responsible for finances, regulations and records while Levandowski makes sure the  
17 water flows and the customers are served. Their workload is complementary, not  
18 duplicative. Between the two of them, the general manager role is fulfilled at a very cost-  
19 effective rate of \$32,600 per year.

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28 <sup>1</sup> The Company has two directors, John Norton and John Ratliff. Historically, Ratliff performed many of the duties described herein, but due to poor health, he is no longer able to perform these tasks, so Norton is the owner primarily responsible for these matters at this time.

### 3.2 Staff's \$7,400 Reduction Is Unreasonable and Arbitrary.

Essentially, Staff is asserting that Joshua Valley should not be spending \$32,600 for general management services. Instead, the Company should only be allocated \$25,200 for such services. To think that a water company with nearly a 1,000 customers can employ a general manager for \$25,200 is not realistic. The fact that Joshua Valley can secure general management service for \$32,600 by having two qualified people familiar with the Company work part-time is both surprising and a benefit to its customers.

During the discovery process, Staff never asked the Company to explain how the Company split the general management duties between Norton and Levandowski. The documents Staff relies upon to support its position do not directly address how this workload is divided. The first document is a Company-generated table responding to the Application requiring a breakdown by name, position, salary, and duties for the Salaries and Wages expense. The Company provided a table that shows Levandowski as a General Manager earning a \$12,600 salary with duties described as “[o]versees all aspects of operations.” *See* Application, Exhibit 2. Norton is not listed on this table because he was not a salaried employee. The second document relied upon by Staff is Data Request JLK 1.13, which states, “[p]lease explain the function of each payee of the Outside Services Account ...” In response, the Company generally explained “Norton provides routine service related to Company management and oversight of employees and service providers.” These questions and answers are routine questions, not an inquiry regarding how Levandowski and Norton divided general management services.

1 Now attempting to justify the adjustment, Staff created a strawman argument to  
2 rationalize the \$7,400 reduction. Staff first argues that the \$20,000 for Norton's services  
3 should be moved from Outside Services to Salaries and Wages. This allows Staff to treat  
4 Norton as a salaried employee rather than a contractual worker. The reason for this move  
5 is simple: Staff can then apply the NARUC standard for salaries expense. Salaries  
6 expense accounts are based upon time providing services. See NARUC Instruction No.  
7 10 (cited in Staff's Response at p. 3). Staff asserts this standard is met by keeping track  
8 of time in writing, timesheets, or a study of time spent on matters. Staff also notes that  
9 normally employees are paid their salaries bi-weekly.  
10  
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12

13 Continuing this strawman argument, Staff offers the fact that the Company made  
14 Norton a one-time payment. Staff notes that "to Staff's knowledge" Norton did not  
15 complete timesheets. Then Staff states that the Company could not produce timesheets  
16 to substantiate the time Norton worked on Company matters. Staff then assumes without  
17 any evidence that Norton worked less hours than Levandowski, so assigning \$12,600 of  
18 expense to Norton's service is more than fair. Thus, Staff moved the expense, changed  
19 the applicable standard, then remarked that the Company did not follow the process  
20 typically used to pay salaried employees. Thus, Staff can reduce the amount of money  
21 available to pay Norton for his work.  
22  
23  
24

25 But when viewed objectively, this argument falls apart. The first premise that  
26 Norton is a salaried employee is simply false. Norton is not a salaried employee. There  
27 is no document stating he is an employee. He did not take a salary, even though doing so  
28 would have saved him money since the Company would then be liable for FICA taxes.

1 He did not take money from the Company bi-weekly, which allows the Company to  
2 retain much needed cash during the winter months. Owners like Norton working for the  
3 Company are expensed as Outside Services because they are not salaried employees.  
4

5 While Staff repeatedly notes that it has no knowledge of timesheets, the fact is that  
6 during the discovery process Staff never asked for any timesheets or other documentation  
7 of the owners' time spent on Company matters. While it is true that most small water  
8 company owners do not complete timesheets, they do know how much time they spend  
9 on a weekly basis working for the companies and summary reports can be produced  
10 during the discovery process or at hearing if the issue is raised. Here, at no time during  
11 the discovery process did Staff ever raised the issue regarding Norton's work.  
12  
13

14 In conclusion, the unstated yet obvious position of Staff is that this small water  
15 company owner did not earn the \$20,000. Staff offers no evidence to support this  
16 position. Instead, it created a strawman argument and impliedly criticized the Company  
17 for not providing timesheets that Norton as a "salaried employee" should have filled out.  
18 Yet, Staff never asked for any timesheets from Norton. In fact, Staff never asked for any  
19 timesheets from any employees, but the only expense adjustment was to the owner  
20 Norton's payment. Clearly, this adjustment has no factual basis and constitutes an  
21 arbitrary adjustment based on Staff's unfounded and incorrect assumption that the owner  
22 did not earn the \$20,000 for providing general management services. Regardless of all  
23 Staff's arguments, the fact remains that owner Norton and Levandowski both work part-  
24 time and fulfill the general management role for \$32,600 a year. This is a bargain for the  
25 rate payers.  
26  
27  
28

1 **3.3 Company Does Not Oppose Moving Norton's Payment to Salary**  
2 **Prospectively.**

3 Moving forward, the Company has no problem categorizing Norton's payment as  
4 salary instead of outside services. Historically, and without complaint from the  
5 Commission or Staff, the Company has paid the owners for their work as an outside  
6 service once a year. This approach has enabled to Company to utilize the cash owed to  
7 owners throughout the year and reduced the Company's FICA taxes by approximately  
8 \$1,000. Moreover, the Company paid no benefits since the owner was not a salaried  
9 employee. Regardless, now that Staff has stated it would like Norton's payments to be  
10 made one or twice a month, the Company can act accordingly. The Company notes,  
11 however, that this will be a substantial increase in the cost to the rate payers.  
12  
13  
14

15 **4.0 MINOR ADJUSTMENTS.**

16 Finally, Staff states it is perplexed why Joshua "concentrated" on the \$7,400  
17 adjustment and ignored the other three. The Company trusts Staff actually does  
18 understand why the Company did not directly address these small issues and is simply  
19 trying to draw attention to the fact they had a couple adjustments that increased the  
20 operating expense adjustments by \$1,644 from their original position. Nevertheless, the  
21 Company will address the issues here since Staff opened the door. The Company merely  
22 chose the adjustments it felt it could argue and win, and ignored those it felt it could not  
23 or were contingent upon other arguments.  
24  
25  
26

27 ////

28 ////

#### **4.1 Water Testing Argument Is Pointless**

The first adjustment increased water testing expense by \$370. During the past several years, Staff has adopted a practice of applying a standardized rate to water testing. By applying this approach, Staff is able to disallow additional water testing that would otherwise be considered prudent and push companies to use low cost labs. For example, additional bacteria tests performed after a line break repair are not recognized as a reasonable expense when Staff's standardized approach is applied. For years, small water companies have argued this approach is arbitrary and the actual water testing expense should be the basis for this expense. Nevertheless, the small water companies always lose this argument. Accordingly, although the Company disagrees with Staff's approach, it is fruitless to continue to argue this point. While in this case applying the standard approach resulted in a net gain for Joshua Valley, this is unusual and all it demonstrates is how efficient Joshua Valley operates.

#### **4.2 Depreciation Is Contingent on the Plant Adjustment**

The Company does disagree with the \$199 depreciation adjustment. This adjustment is a "fallout" from the plant addition disallowances, which the Company disputed. By arguing the plant disallowances were wrong, it clearly follows that the depreciation adjustment based on the plant disallowances is also wrong.

#### **4.3 Income Tax Is Contingent on the Outside Services Adjustment**

Similarly, the Company disputes Staff's position reducing the expense for Norton's service and moving Norton's payment to Salaries rather than Outside Services, which is what drives the tax. Staff's secondary adjustment to pay the taxes is simply a

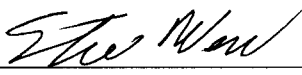
1 correction of a Staff oversight. The Company still argues that moving the expense from  
2 Outside Services to Salaries is wrong and should not be adopted in which case there  
3 would be no tax adjustment.  
4

5 **5.0 REQUEST TO EXPEDITE THE RECOMMENDATION**

6 Joshua is in dire need of this rate increase as exemplified by the amount of  
7 increase requested. Even if Staff's position is adopted, Joshua Valley's revenue is  
8 supposed to generate an additional \$6,900 per month. Consequently, each month this rate  
9 case is delayed, the Company loses \$6,900. To be clear, the Company is not saying that  
10 any party has delayed this proceeding unnecessarily. Rather, the time for processing  
11 small water company rate cases takes quite some time. Any additional delay in rendering  
12 a decision will adversely affect the Company. Rates need to be effective as soon as  
13 possible. Therefore, the Company requests that this matter move forward in an expedited  
14 fashion.  
15  
16  
17

18 RESPECTFULLY SUBMITTED this 31<sup>st</sup> day of March, 2016.

19 **MOYES SELLERS & HENDRICKS LTD.**

20  
21   
22 \_\_\_\_\_  
23 Steve Wene  
24  
25  
26  
27  
28

1 **Original** and **13** copies hand-delivered  
2 This 31<sup>st</sup> day of March, 2016, with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington  
6 Phoenix, Arizona 85007

7   
8 \_\_\_\_\_  
9



# **ATTACHMENT 1**

1 Steve Wene, State Bar No. 019630  
2 MOYES SELLERS & HENDRICKS LTD.  
3 1850 N. Central Ave., Suite 1100  
4 Phoenix, Arizona 85004  
5 Telephone: 602-604-2141  
6 e-mail: swene@law-msh.com

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8  
9 **COMMISSIONERS**

10 DOUG LITTLE, ACTING CHAIRMAN  
11 BOB STUMP  
12 BOB BURNS  
13 TOM FORESE

14 IN THE MATTER OF THE APPLICATION  
15 OF JOSHUA VALLEY UTILITY  
16 COMPANY, INC. FOR AN INCREASE  
17 IN RATES  
18

DOCKET NO. W-02023A-15-0315  
**RESPONSE TO STAFF'S SECOND  
SET OF DATA REQUESTS**

19  
20 Joshua Valley Utility Company, Inc. ("Company" or "Joshua Valley"), hereby  
21 responds to Staff's second set of data requests as follows:  
22

23 **BCA 2.1** Plant Additions and Retirements - The Company did not provide copies of  
24 **ALL** plant addition invoices. Please provide copies of the following invoices.  
25

<u>Date</u>	<u>Description</u>	<u>Amount</u>
2002	Wells and Springs	\$ 10,200
2007	Trans & Distribution Mains	\$ 7,535
2007	Meter	\$ 14,106
2007	Computers	\$ 8,014 (Only \$6,517 provided)
2007	Tools, Shop Equip.	\$ 3,657

1                   2007 Miscellaneous Equip                   \$57  
2                   6/27/14 A-1 Well                   \$29,748.79

3 **Response:** The 2002 invoices are not available. The Company has provided all of  
4 the invoices it has from 2007. The A-1 Well invoice for the 2014 \$992.76 difference  
5 is attached as Attachment 2.1.

6 **BCA 2.2**     Vehicle Purchases - For the two Dodge Trucks purchased in June 2007,  
7 please provide copies of the title to the trucks.

8 **Response:**   *See Attachment 2.2.*

9  
10 **BCA 2.3**     Miscellaneous Expense - Company's response to JLK 1.12 did not provide  
11 Mohave County use fee invoice in the amount of \$6,533. Please provide  
12 the invoice.

13 **Response:**   A copy of check 3861 rendering payment of \$6,532.90 to Mohave  
14 County is set forth in Attachment 2.3. The invoice has not been located yet.

15 **BCA 2.4**     Outside Services Expense - Company's response to JLK 1.13 did not  
16 provide invoices for the services provided by Moffitt and Company for the  
17 test year. Please provide the invoices.

18 **Response:**   *See Attachment 2.4.*

19  
20 **BCA 2.5**     Rents - Please describe the Company's rents expense.

21 **Response:**   The Company pays \$400 rent for office space. The office space is used  
22 for Company operations and document storage.

23  
24 **BCA 2.6**     General Liability Insurance - Please provide a copy of the policy for the  
25 Company's general liability insurance for the test year.

26 **Response:**   The \$6,953 of insurance expense reflected in account 657 is comprised  
27 of three payments to SCF for workers compensation insurance totaling \$1,964.78,  
28 four payments to State Farm for truck insurance that total \$1,812.91, and a  
payment to Wells Fargo for \$3,175.45 for business liability insurance. The  
Company could not locate the test year policy amount but is providing the relevant

# **ATTACHMENT 2**

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY**

W-02023A

Joshua Valley Utility Co.  
5219 N Casa Blanca Drive #55  
Paradise Valley, AZ 85253

RECEIVED

JUN 17 2015

ACC UTILITIES DIRECTOR

☐ Please click here if pre-printed Company name on this form is not your current  
Company name or dba name is not included.

Please list current Company name including dba here:

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**ANNUAL REPORT**  
**Water**

FOR YEAR ENDING

12 31 2014

FOR COMMISSION USE

ANN 04 14

6-17-15

8-17-15

COMPANY NAME: Joshua Valley Utility Co

**UTILITY PLANT IN SERVICE**

Acct. No.	Description	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			\$ -
302	Franchises			-
303	Land & Land Rights	6,176		6,176
304	Structures & Improvements	2,745	2,227	518
307	Wells & Springs	108,304	30,080	78,223
311	Pumping Equipment	72,920	43,899	29,021
320	Water Treatment Equipment			-
320.1	Water Treatment Plants			-
320.2	Solution Chemical Feeders			-
330	Distribution Reservoirs and Standpipes			-
330.1	Storage Tanks	40,080	26,294	13,786
330.2	Pressure Tanks			-
331	Transmission and Distribution Mains	1,992,877	1,241,295	751,582
333	Services	18,456	14,976	3,480
334	Meters and Meter Installations	44,840	39,547	5,293
335	Hydrants			-
336	Backflow Prevention Devices			-
339	Other Plant and Misc. Equipment			-
340	Office Furniture and Equipment	11,367	11,367	-
340.1	Computers & Software	8,946	8,107	839
341	Transportation Equipment	56,693	56,693	-
343	Tools, Shop and Garage Equipment	3,657	1,371	2,286
344	Laboratory Equipment			-
345	Power Operated Equipment	5,331	5,331	-
346	Communications Equipment			-
347	Miscellaneous Equipment	357	268	89
348	Other Tangible Plant			-
	<b>TOTALS</b>	<b>\$ 2,372,749</b>	<b>\$ 1,481,456</b>	<b>\$ 891,292</b>

Total Accumulated Depreciation amount goes on the Balance Sheet Acct. No. 108